

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF MISSOURI**

In re:)	
)	Case No. 18-60521
FAMILY PHARMACY, INC., et al.,)	(Joint Administration)
)	Chapter 11
Debtors.¹)	

**NOTICE OF (A) AUCTION AND (B) QUALIFIED BIDDERS
PURSUANT TO ORDER APPROVING AUCTION
AND BIDDING PROCEDURES; APPROVING BREAKUP FEE
AND REIMBURSABLE EXPENSES; PRESCRIBING MANNER
OF NOTICE; AND AUTHORIZING SALE OF ASSETS
FREE AND CLEAR OF LIENS, CLAIMS, INTERESTS,
AND ENCUMBRANCES, SUBJECT TO HIGHER OR BETTER OFFERS
(Docket No. 111)**

Family Pharmacy, Inc. (“INC”), Family Pharmacy of Missouri, LLC (“LLC”), HealthTAC Logistics, LLC (“HealthTAC”), Family Property Management, LLC (“FPM”), and Family Pharmacy of Strafford, Inc. (“Strafford”), as debtors and debtors-in-possession (collectively, the “Debtors”), by and through counsel, give Notice of (A) Auction and (B) Qualified Bidders pursuant to that certain Order Approving Auction and Bidding Procedures; Approving Breakup Fee and Reimbursable Expenses; Prescribing Manner of Notice; and Authorizing Sale of Assets Free and Clear of Liens, Claims, Interest and Encumbrances, Subject to Higher or Better Offers (Doc. No. 111) (the “Bid Procedures Order”) and attached Bid Procedures.²

1. On April 30, 2018, Family Pharmacy, Inc. and certain affiliates, as debtors and debtors-in-possession in the above-captioned cases (collectively, the “Debtors”) commenced voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code (“Bankruptcy Code”).

2. On May 7, 2018, the Debtors filed their Motion for Order Approving Auction and Bidding Procedures; Approving Breakup Fee and Reimbursable Expenses; Prescribing Manner of Notice;

¹ The Debtors in these proceedings and the last four digits of each Debtor's federal taxpayer identification number are as follows: Family Pharmacy, Inc. (5595); Family Pharmacy of Missouri, LLC (6899); HealthTAC Logistics, LLC (2879); Family Property Management, LLC (2908); and Family Pharmacy of Strafford, Inc. (5943).

² Capitalized Terms not otherwise defined shall have the meaning identified in the Bid Procedures Order and Bid Procedures.

and Authorizing Sale of Assets Free and Clear of Liens, Claims, Interests, and Encumbrances, Subject to Higher or Better Offers (“Sales Procedure Motion”) (Doc. No. 47). Pursuant to their Sales Procedure Motion, the Debtors seek to sell substantially all of their assets.

3. On May 24, 2018, the Bankruptcy Court entered its Bid Procedures Order.

4. The Debtors received multiple Bids from Potential Bidders by the Bid Deadline of July 17, 2018. Those Bids included both all asset bids and Parts Bids.

5. The Debtors sought to match various Parts Bids together in a manner to meet the Initial Bid Price.

6. Pursuant to Section 1.2(c) of the Bid Procedures, the Debtors discussed, negotiated or sought clarification of certain Bids from various Potential Bidders in an attempt to qualify such Potential Bidders. The Debtors reserve the right to continue to discuss, negotiate or clarify Bids through the date of the Auction as contemplated by Section 1.2(c) of the Bid Procedures.

7. Several Parts Bids were determined by the Debtors to not qualify on the basis of failing, in the aggregate, when paired with other combinations of Parts Bids, to meet the Initial Bid Price. The Debtors further determined that certain Parts Bids, in the aggregate, met the Initial Bid Price and have deemed those Potential Bidders to be Qualified Bidders.

8. Based upon the various clarifications and additional negotiations with certain Potential Bidders regarding their respective Bids, the Debtors in the exercise of their business judgment determined that the following bidders shall be deemed Qualified Bidders and authorized to attend the Auction:

- A. Smith Management Services, LLC (Stalking Horse Bidder);
- B. Hy-Vee, Inc.;
- C. Ryan Summers, Koby Prater, Mike Stuart and Bank of Missouri;
- D. Benzer Pharmacy Holding, LLC;
- E. Bank of Missouri; and
- F. Walgreen Co.

9. The Debtors believe that each of the respective Qualified Bidders will be able to consummate the transactions described in the Qualified Bids and would reasonably be expected to consummate the transactions described in the Qualified Bids as those terms may be improved at the Auction.

10. **The Debtors shall hold the Auction on August 3, 2018 at the law offices of Husch Blackwell LLP, 4801 Main Street, Suite 1000, Kansas City, MO 64112 at 9:30 a.m.**

11. Pursuant to Section 1.4(b), the Debtors will be separately notifying the Qualified Bidders of the terms of the other bids and the Auction Baseline Bid.

12. The qualification of a Potential Bidder does not constitute an acceptance of the Bid as the highest or best bid. Such determinations are expressly reserved to the Debtors at the Auction and subject to entry of a Sale Order by the Bankruptcy Court.

Dated: July 25, 2018.

Respectfully submitted,

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